

Ezingoleni Municipality

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Ezinqoleni Municipality

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 53 to 73, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003), and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

These annual financial statements will be presented to the Council for information during April 2008.

Countersigned:

Mr SM Nshusha
Acting Municipal Manager

VS Sotshede
Chief Financial Officer

Dated: 31 January 2008

Ezinqoleni Municipality

Balance sheet at 30 June 2008

	Note/ Appendix	2008 R
Capital employed		
Funds and reserves		7 043 228
Accumulated funds	1	-
Reserves	2	7 043 228
(Accumulated deficit)/Retained surplus		(6 313 872)
Long term liabilities	3	493 889
		1 223 245
Employment of capital		
Fixed assets	4	623 801
Net current assets/liabilities		599 444
Current assets		1 038 271
Debtors and deposits	6	25 678
Cash and bank	15	1 012 593
Current liabilities		438 827
Provisions	7	100 771
Creditors and deposits	8	208 144
Bank overdraft	16	-
Loans : short term portion	3	129 912
		1 223 245

2007
R

4 442 269

-
4 442 269

(6 531 816)

593 576

(1 495 971)

751 395

(2 247 366)

2 000
2 000
-
2 249 366
437 156
407 557
1 246 833
157 820

(1 495 971)

Ezingoleni Municipality

Income statement for the year ended 30 June 2008

2007 Actual income R	2007 Actual expenditure R	2007 Surplus/ Deficit R		2008 Actual income R	2008 Actual expenditure R	2008 Surplus/ deficit R	2008 Budget surplus/ deficit R
<u>12 106 479</u>	<u>14 780 698</u>	(2 674 219)	General services	<u>17 470 151</u>	<u>14 842 270</u>	2 627 881	-
	<u>64 624</u>		Appropriations for the year			<u>191 023</u>	
		(2 609 595)	Net surplus/(deficit) for the year			2 818 904	
		-	Transfer (to) from Reserves			(2 600 960)	
	<u>(3 922 221)</u>		Accumulated surplus/(deficit) at beginning of year			<u>(6 531 816)</u>	
	<u>(6 531 816)</u>		Accumulated surplus/(deficit) at end of year			<u>(6 313 872)</u>	

Ezingoleni Municipality

Cash flow statement for the year ended 30 June 2008

	Note	2008 R
Cash retained from (utilised by) operating activities:		2 387 020
Cash generated from (utilised by) operations	12	2 694 835
Investment income		-
(Increase)/decrease in working capital	13	(223 094)
		2 471 741
Less : External interest paid		(84 721)
: External redemption		-
Cash available from (utilised by) operations		-
Net cash contributed from the public and State		-
Net proceeds on disposal of fixed assets		-
Cash utilised in investing activities		-
Investment in fixed assets		-
Net cash inflow (outflow)		2 387 020
Cash effects of financing activities:		
Increase/(decrease) in loans	14	(99 686)
Increase/(decrease) in short term loans		(27 907)
(Increase)/decrease in cash and bank	15	(1 012 593)
Increase/(decrease) in bank overdraft	16	(1 246 834)
		(2 387 020)

2007
R

(2 498 021)

(2 481 247)
6 775
202 147

(2 272 325)
(106 416)
(119 280)

-

-
-

(280 322)

(2 778 343)

276 754

2 501 589
2 778 343

Ezinqoleni Municipality

Notes to the financial statements for the year ended 30 June 2008

	2008 R	2007 R
1. Accumulated funds		
Capital Development Fund	-	-
Loan Redemption Fund	-	-
Renewals Fund	-	-
Capital Reserve Fund	-	-
Total accumulated funds	-	-
(Refer to appendix A for more detail)		
2. Reserves		
Reserves consist of :		
Violence Damaged Houses Grant	274 865	274 865
Governance Grant	162 013	162 011
Local Government Finance Management Grant	976 516	982 512
Equitable Share	-	-
Integrated Development Plan Grant	166 241	166 241
Interim IDP Grant	162 640	162 640
Local Government Transition Fund	917 811	917 811
Municipal Capacity Support Grant	-	189 638
Municipal Structures Improvement Grant	-	785
Establishment Grant	66 590	66 590
Implementation of MFMA Grant	71 525	74 639
Municipal Assistance Programme Grant (MAP)	313 279	508 208
Planning Support Grant	77 064	77 064
Municipal Systems Improvement Grant	77 064	160 728
Capacity Building Mechanism Grant	1 293 304	406 979
Homeowners Ploughing Assistance Programme	1 000	23 660
CDW Grant	70 084	70 234
Ezinqoleni Library Grant	314 760	12 717
Municipal GIS Programme Grant	102 989	102 989
MIG	572 154	81 959
	5 619 898	4 442 269

Notes to the financial statements for the year ended 30 June 2008

	2008 R	2007 R
3. Long term liabilities		
Lease Commitments	623 801	751 396
	623 801	751 396
Less : Current portion transferred to current liabilities	129 912	157 820
Lease Commitments	129 912	157 820
	493 889	593 576

(Refer to appendix B for more details on long term liabilities)

4. Fixed assets		
Fixed assets at the beginning of the year	8 892 280	6 268 484
Capital expenditure during the year	-	2 402 249
Less : Assets written off, transferred or disposed of during the year	-	-
Prior year adjustments: (See Appendix C)	(366 197)	221 547
Total fixed assets	8 526 083	8 892 280
Less : Loans Redeemed and Other Capital Receipts	(7 902 282)	(8 140 885)
Net fixed assets	623 801	751 395

(Refer to Appendix C and section 2 of the Chief Financial Officer's Report for more details on fixed assets)

5. Long term debtors

There are no long term debtors.

6. Debtors and deposits

Sundry debtors	23 678	-
Deposits held	2 000	2 000
	25 678	2 000
Less : Provision for doubtful debts	-	-
	25 678	2 000

7. Provisions

Leave provision	100 771	437 156
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Notes to the financial statements
for the year ended 30 June 2008

2008
R

2007
R

Notes to the financial statements for the year ended 30 June 2008

	2008 R	2007 R
8. Creditors		
Trade creditors	20 697	-
Other	187 446	407 558
	208 143	407 558
9. Auditor's remuneration		
Audit fees	555 750	271 840
10. Finance transactions		
Total interest earned or paid:		
Interest earned	-	6 775
Capital charges debited to operating account:		
Interest : External	84 721	106 416
Redemption : External	127 594	119 281
	212 315	225 697
11. Appropriations		
<i>Appropriation account</i>		
Accumulated surplus at the beginning of the year	(6 531 816)	(3 922 221)
Operating (deficit)/surplus for the year	2 627 881	(2 674 219)
Appropriations for the year :	191 023	64 624
Prior year adjustments	191 023	64 624
Contribution to fixed assets	-	-
Contribution to capital development fund	-	-
	(3 712 912)	(6 531 816)
<i>Operating account</i>		
Audit fee provision	-	-
Doubtful debt provision	-	-
Leave reserve	-	437 156
Loan redemption fund	-	-
	-	437 156
11.1 Prior year adjustments		
Prior year's input VAT claim disallowed by SARS	-	-
Adjustment in respect of:		
Previous years' operating transactions	191 023	64 624

Notes to the financial statements
for the year ended 30 June 2008

2008	2007
R	R
191 023	64 624

Notes to the financial statements for the year ended 30 June 2008

	2008 R	2007 R
12. Cash generated by operations		
(Deficit)/surplus for the year	2 627 881	(2 674 219)
Adjustments in respect of:		
Previous years' operating transactions	191 023	64 624
Appropriations charged against income:	(336 385)	(90 573)
Loan redemption fund	-	-
Fixed assets	-	-
Provisions and reserves	(336 385)	(90 573)
Capital charges:	212 315	225 696
Interest paid	84 721	106 416
on external funds	84 721	106 416
to internal funds	-	-
Redemption:	127 594	119 280
of external loans	127 594	119 280
of internal advances	-	-
Investment income	-	(6 775)
Non operating expenditure		
Expenditure charged against provisions and reserves	-	-
	2 694 834	(2 481 247)
13. (Increase)/decrease in working capital		
(Increase)/decrease in debtors	(23 678)	26 211
Increase/(decrease) in creditors	(199 415)	175 936
	(223 093)	202 147
14. Increase/(decrease) in loans (external)		
Loans raised	-	870 675
Loans repaid	(99 687)	(119 280)
	(99 687)	751 395
15. (Increase)/decrease in cash on hand		
Cash balance at the beginning of the year	-	-
Less : Cash balance at the end of the year	(1 012 593)	-
	(1 012 593)	-

Notes to the financial statements for the year ended 30 June 2008

	2008 R	2007 R
16. (Increase)/decrease in bank		
Cash balance at the beginning of the year	(1 246 835)	1 254 754
Less : Cash balance at the end of the year	-	1 246 835
	(1 246 835)	2 501 589
17. Council's general		
Speaker	-	-
Mayor	414 146	385 000
Deputy Mayor	-	-
Executive Committee	-	-
Councillors	1 050 448	1 288 589
	1 464 594	1 673 589
18. Grant expenditure		
Grant expenditure consists of :		
Violence Damaged Houses Grant	-	162 013
Local Government Finance Management Grant	36 024	191 996
Interim IDP Grant	-	-
Implementation of MFMA Grant	3 114	31 680
Equitable Share	156 492	-
Integrated Development Plan Grant	-	29 095
Local Government Transition Fund Grant	-	-
Municipal Structures Improvement Grant	785	4 788
Governance Grant	-	-
Municipal Assistance Programme Grant (MAP)	194 929	614 916
Establishment Grant	4 248	170 000
Capacity Building Mechanism Grant	-	23 735
Municipal Capacity Support Grant	-	1 371
Municipal GIS Programme Grant	-	10 479
Homeowners Ploughing Assistance Programme	22 660	-
CDW Grant	150	-
Ezinqoleni Library Grant	1 472 135	-
Planning Support Grant	-	96 000
Rates Clearance	-	157
MIG	2 371 049	2 359 955
	4 261 586	3 696 185

Notes to the financial statements for the year ended 30 June 2008

	2008 R	2007 R
19. Capital commitments		
Minimum lease payments due within one year	129 912	157 820
Minimum lease payments due between 1 and 5 years	493 889	593 576
Total	<u>623 801</u>	<u>751 396</u>

20. Capital Development Fund

The municipality presently does not contribute towards a Capital Development Fund.

21. Related party transactions

There were no related party transactions during the year under review.

22. Retirement benefits

The results of the last interim actuarial valuation of the Natal Joint Municipal Pension Fund (Retirement Fund) which covered a triennial period to 31 March 2006 revealed that the fund had a shortfall of R205 million. This shortfall will be taken into account in determining future surcharges, which will be met by increased employer contributions.

The last interim actuarial valuation of the Natal Joint Municipal Pension Fund (Superannuation Fund) which was done at 31 March 2006 revealed that the fund had a shortfall of R93 million. This shortfall will be taken into account in determining future surcharges, which will be met by increased employer contributions.

The last actuarial valuation of the Natal Joint Municipal Pension Fund (Provident Fund) which was done at 31 March 2005, indicated that the fund is in a sound financial position.

23. Contingent liabilities and contractual obligations

There are no contingent liabilities that exist at year end.

25. Remuneration of senior managers

Municipal Manager (Acting)	457 046	326 380
Chief Financial Officer	55 105	308 356
Director : Corporate Services	366 739	219 057
Director : Technical Services	226 325	518 520
	<u>1 105 215</u>	<u>1 372 313</u>

Notes to the financial statements
for the year ended 30 June 2008

2008
R

2007
R

Notes to the financial statements for the year ended 30 June 2008

26. Bank and overdraft balances

The Municipality has the following bank account:

First National Bank - Port Shepstone

Account Number 620 2494 3153

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

2008
R

2007
R

(1 247 335) (1 253 514)

1 012 093 (1 247 335)

(448 344) (1 532 217)

960 100 (448 344)

Appendix A
Ezingoleni Municipality

Accumulated funds, reserves and provisions

Balance at 30/06/2007	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 30/06/2008
R	R	R	R	R	R

Accumulated funds

Capital Development Fund	-	-	-	-	-
Loan Redemption Fund	-	-	-	-	-
Renewals Fund	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-
	-	-	-	-	-

Provisions

Leave provision	437 156	100 771	-	-	437 156	100 771
	437 156	100 771	-	-	437 156	100 771

Appendix B

Ezingoleni Municipality

External loans and internal advances

	Interest rate	Loan number	Redeem-able	Loan authority expires	Balance at 30/06/2007	Received during the year	Redeemed or written off during the year	Balance at 30/06/2008
	%				R	R	R	R

External loans

Lease Commitments

WesBank	Prime less 1%	DZD22422W	Monthly	18-08-2010	116 620	-	(31 943)	84 677
WesBank	Prime less 1%	DZD22423T	Monthly	18-08-2010	116 620	-	(31 943)	84 677
Toyota Financial Services	15 293	86109605747	Monthly	22-06-2011	160 496	-	(9 647)	150 849
Toyota Financial Services	14 838	86110022328	Monthly	31-10-2012	108 183	-	(19 214)	88 969
Toyota Financial Services	14 871	86110028380	Monthly	31-10-2012	98 750	-	(17 528)	81 222
Toyota Financial Services	14.95	86110022150	Monthly	31-10-2012	81 356	-	(14 419)	66 937
Toyota Financial Services	15 027	86110023660	Monthly	31-10-2012	69 370	-	(2 900)	66 470
					751 395	-	(127 594)	623 801

Annuity loan

-	-	-	-
751 395	-	(127 594)	623 801

(Refer to note 3)

Appendix C

Ezingoleni Municipality

Analysis of fixed assets

Expenditure		Budget	Balance at 30/06/2007	Expenditure	Written off, transferred, redeemed or disposed off during the year	Balance at 30/06/2008
2007 R		2008 R	R	2008 R	R	R

General services

2 402 249	General	2 613 000	8 892 280	-	366 197	9 258 477
2 402 249	Total fixed assets	2 613 000	8 892 280	-	366 197	9 258 477
	Less: Loans redeemed and other capital receipts	-	8 140 885	127 594	366 197	8 634 676
	Loans redeemed and advances paid	-	158 004	127 594	366 197	651 795
	Contributions ex operating income	-	42 294	-	-	42 294
	Grants and subsidies	-	7 940 587	-	-	7 940 587
	Contributions from Local Authority	-	-	-	-	-
	Net fixed assets	2 613 000	751 395	(127 594)	-	623 801